

of capital recovery to future years. Regulators could insure a reasonable opportunity to recover capital, and obtain a return on unrecovered capital as well.

In the current regulatory environment, the Commission-prescribed depreciation lives lag changes in economic life. Regulation of depreciation rates was intended to keep current customer rates low by postponing capital recovery to future customers. This produces a progressively higher depreciation cost per customer as assets approach the end of their economic lives.

In a competitive market, the market -- not the regulator -- should determine the ultimate recovery of capital. The introduction of competition into the local exchange market to improve efficiency should not be accomplished by foreclosing the ILECs an opportunity to recover prudently incurred historical investments which were made in good faith under regulation. Regulatory reform should maintain the property rights of ILEC investors. The Commission's transition mechanisms should provide for a reasonable capital recovery opportunity.

The Commission allows depreciation rates to be re-estimated for changes in economic life using the remaining life methodology which will insure full depreciation.⁵⁸ SNET does believe that re-estimating depreciation lives using the remaining life method will eventually insure full depreciation. However, full capital recovery, not full depreciation, is the issue. Capital is not recovered unless the

⁵⁸ NPRM, note 343.

increased depreciation resulting from shorter economic lives is matched by expense savings and/or revenue increases. Under price caps, depreciation increases are endogenous which does not insure capital recovery, and does not directly charge consumers for increases in technological utilization and resulting accelerated obsolescence.

The Commission discusses the relationship of the reserve deficiency to actual retirements.⁵⁹ However, an analysis of actual physical retirements does not provide a sound basis for estimating economic lives and economic obsolescence. In a rapidly changing technological and competitive environment, physical retirements of existing plant are not appropriate measures of technological and economic impacts. For example, significant technological obsolescence can result as the price of new equipment falls. This situation is not immediately reflected in physical retirements, but rather shortens the economic life of the existing facilities before actual retirement occurs.

The traditional method to determine the reserve deficiency is called the theoretical reserve method. This method only considers the effect of changes in economic lives, and does not fully reflect the impact of economic obsolescence. SNET has developed estimates of economic lives that it uses for financial reporting purposes. These economic lives produced the reserve deficiency approved by the

⁵⁹ NPRM, note 344.

Connecticut DPUC in Docket No. 94-10-03,⁶⁰ and are included in the industry data filed today in USTA's comments.

SNET's determination of its depreciation reserve deficiency is documented in Exhibit 4 to these Comments. Also attached to these Comments as Exhibit 5 is the Decision of the Connecticut Department of Public Utility Control in its docket investigating SNET's intrastate depreciation policies and procedures, including the identification and amortization of the intrastate reserve deficiency. The SNET unseparated reserve deficiency using the theoretical reserve method is \$657 million, as of December 31, 1996.⁶¹ SNET estimates that the interstate portion of this deficiency is \$174 million.

SNET recommends that ILECs be afforded a reasonable opportunity to recover past investments made in good faith and based upon the technology available and the competitive environment at the time. Denial of this opportunity would not only be contrary to the regulatory contract, but might also be considered an improper taking by the courts.

⁶⁰ See DPUC INVESTIGATION INTO THE SOUTHERN NEW ENGLAND TELEPHONE COMPANY'S INTRASTATE DEPRECIATION, Docket No. 94-10-03, Decision, November 21, 1995 (Depreciation Docket). A copy of this Decision is attached to these Comments as Exhibit 5.

⁶¹ See Exhibit 4.

2. Economic Obsolescence Contributes To The Reserve Deficiency

The Commission asserts that under-depreciation occurs as the economic lives of embedded equipment decrease as new technology is introduced.⁶² This is correct; economic life does decrease as new technology is introduced and the cost of new technology decreases. These factors can also work to decrease the economic value of the asset. Economic depreciation is a loss in economic value over an asset's economic life. This loss in economic value results from physical deterioration, technological substitution and economic obsolescence. The rate of technological substitution will increase with growing competition. Competition has an additional impact in that it contributes to economic obsolescence. Economic obsolescence means that the revenue-generating ability of the asset has decreased due to market forces, for example, increased competition.

The Commission does state that some portion of deployed equipment is arguably under-depreciated by an amount equal to the difference between the current net book value (based on past depreciation represcriptions) and the forward-looking replacement cost.⁶³ SNET agrees with this assessment, which is developed for the Commission's consideration in the Comments of USTA.⁶⁴

⁶² NPRM, para. 251.

⁶³ NPRM, para. 253.

⁶⁴ See "The Depreciation Shortfall," Strategic Policy Research, January, 1997, pgs. 6-7, as attached to the Comments of The United States Telephone Association filed today in this proceeding.

The Commission has invited parties to specify the methodology used to calculate economic lives, economic obsolescence and economic depreciation with respect to explaining factors that result in under-depreciation.⁶⁵ SNET has used a methodology to develop economic life estimates based on a life cycle methodology. The results of this methodology have been filed with the Connecticut Department of Public Utility Control,⁶⁶ and with the Commission as well.⁶⁷ The life cycle forecasts utilize SNET construction plans. The methodology relies on forecasts of future deployment of new technology. Since this methodology does not fully reflect economic obsolescence, the economic lives thus produced are longer than the economic lives which fully reflect economic and technological obsolescence (under-utilization of plant). Although these are important factors affecting economic life, SNET does not have a precise methodology which can fully predict the impact on economic life due to economic obsolescence.

The Commission invited ILECs to submit a study demonstrating the extent of the under-depreciation of its facilities due to economic obsolescence.⁶⁸ The theoretical reserve method does not fully reflect economic obsolescence even with

⁶⁵ NPRM, para. 254.

⁶⁶ Depreciation Docket, SNET Response to Request TE-95, Attachment A, March 15, 1995.

⁶⁷ "1996 SNET Triennial Depreciation Rate Study," letter (with attached documentation) of Vincent M. DeMatteo, SNET Director-Capital Recovery, filed December 1, 1995 with Fatima K. Franklin, Chief-FCC Depreciation Rates Section.

⁶⁸ NPRM, para. 269.

the use of up-to-date economic lives. The reason for this is that economic obsolescence is not fully specified in this methodology. A conservative estimate of economic obsolescence has been made by the Company and incorporated in a revised estimate of the reserve deficiency. The total reserve deficiency produced using this method is \$950 million, based upon investment and book reserve levels as of December 31, 1996.⁶⁹ SNET estimates that the interstate portion of this deficiency is \$251 million.

SNET recommends that the Commission recognize this reserve deficiency and allow for its recovery for interexchange carriers.

B. The Commission Should Provide For Recovery Of The Interstate Reserve Deficiency From Interexchange Carriers.

SNET recommends that the interstate depreciation shortfall (including economic obsolescence) of \$251 million -- the amount IXC's have not paid SNET in rates -- be recovered from IXC's by way of a discreet amount, billed each IXC based upon the relative amount of annual access revenues as of a date certain.⁷⁰ IXC's have benefited from their use of the ILEC's assets, but have not paid their full cost of that use. A discreet charge now would permit an opportunity for the ILEC's to remain whole, and would avoid a potential situation of unlawful taking of property. USTA, in

⁶⁹ See Exhibit 4.

⁷⁰ Each carrier could pay the amount due in five equal annual installments.

its Comments filed today in this proceeding, proposes a more detailed method for recovering the ILEC industry's shortfall; SNET fully supports the USTA method.

C. An Additional Demonstration Of Prudency Is Not Necessary.

The Commission asks whether an ILEC should have to demonstrate that investment was prudent at the time it was made, before being allowed to recover under-depreciation.⁷¹ SNET avers that ILECs should not be required to demonstrate that its investments were prudent prior to being allowed to recover under-depreciation. That demonstration has already been made.

SNET states that it could make no imprudent investments, given the intense scrutiny the investments undergo. Each year, SNET's Board of Directors authorizes investments only after extensive review of capital requirements, including business cases, regulatory requirements and mandates, usage patterns, available and anticipated technology, etc. Expenditures must be authorized and approved in advance by the appropriate officer or management person responsible. Actual expenditures are tracked in detail against estimates, and any deviation must be justified. SNET's internal and external financial auditors establish and maintain extensive business controls, and perform audits on a planned and unanticipated basis to verify those controls. Internal and external auditors sample financial

⁷¹ NPRM, para. 257.

transactions in accordance with generally accepted auditing principles to assure sound results and conclusions. SNET employs two of the largest public accounting firms in the nation to perform its financial audit, and the cost separations audit required by the Commission's rules.⁷² In addition, not only is SNET's capital program filed annually with the CDPUC, SNET files annually ARMIS Report 43-02, which, among other things, publicly discloses the changes (including additions and retirements) in each plant investment account. Depreciation studies are filed routinely with federal and state regulators. The CDPUC conducts a financial review docket, complete with its own audit and interrogatories. The CDPUC also conducts a "management audit" every six years on any and all aspects of SNET's operations. Other dockets, both at the federal and state level, require SNET to submit costs, investments, retirements and other capital-related information for evaluation by regulators and the public. The Commission maintains its own audit staff for investigation of those operations of any ILEC under the Commission's jurisdiction it believes should be audited. Lastly, the public has available to it the Commission's formal and informal complaint processes, should any member of the public wish to object to the prudence of any ILEC investment.

Indeed, since the implementation of price cap regulation, SNET and all the price cap ILECs have every incentive to purge their rate bases of any inefficient,

⁷² 47 C.F.R. §32.23; §32.27; §64.901.

imprudent or non-productive assets in order to improve their productivity and financial performance. A review of prudence would fly in the face this main tenant of the Commission' incentive regulation plan.

Further, any review of prudence at this time would be costly, counter-productive, and require a great many resources for the Commission, the ILECs and the public as well, just at a time when the Commission should be moving away from stringent rate base regulation. The prudence of an investment can only be evaluated by reviewing the validity of the data used in making the initial investment decision. From a practical standpoint, it would be close to impossible for the Commission to revisit for prudence purposes each and every past investment decision for each and every ILEC.

SNET suggests that the Commission can continue moving toward its goal of competitive access reform without an examination of past investments.

VII. THE COMMISSION SHOULD RESOLVE OTHER ISSUES IN CONNECTION WITH REFORM OF INTERSTATE ACCESS.

A. Terminating Access Should Not Be Regulated In Markets With Substantial Access Competition. (NPRM, paras. 271-276.)

The Commission requests comment on the necessity for continued regulatory oversight of access prices for the termination of interstate calls by price cap ILECs in markets where originating access is subject to substantial competition.⁷³ SNET recommends that the Commission forego any further regulation of terminating access, and instead apply a market-based approach to regulating this service. In brief, if an ILEC increases its terminating access prices, IXCs will indeed have every incentive to win end users from the ILEC, and the ILEC would lose end user revenues, but not the costs. ILECs therefore have no incentive to increase their terminating access rates. In addition, terminating access is not a bottleneck controlled by whichever ILEC provides access for the end user because there are many competitive access providers, and the competition will be for that originating access, not terminating. There is no need for regulatory oversight of terminating access, because the consequences to ILECs of overpricing terminating access are significant.

⁷³ NPRM, Paras. 273-276.

B. The Commission Need Not Order An Interstate Access Charge On Information Service Providers. (NPRM, paras. 282-290.)

The Commission is considering the narrow question whether to permit ILECs to assess interstate access charges on information service providers,⁷⁴ and tentatively concludes that information service providers should not be required to pay interstate access charges as currently constituted.⁷⁵ SNET generally agrees that information service providers should not be required to pay current interstate access charges, because they include implicit support and subsidy mechanisms, and are not cost-causative.

SNET, like most other ILECs, however, has seen a rapid and dramatic impact on its "switched voice network," including all components such as local/tandem switching and transport, because of the high usage characteristics associated with access to Internet service and other information service providers. The switched voice network is an engineered network, designed on such basic engineering parameters as average call holding times, and assuming that all users share the costs of this same network. When above-average, free Internet usage is overlaid on the switched voice network, the entire underlying premise of shared usage metamorphoses into one of "part-time, full-time" usage. This new characteristic is nearly impossible to predict and engineer into the existing network at this time,

⁷⁴ NPRM, paras. 282-290.

⁷⁵ NPRM, para. 288.

because existing forecasting tools and measurements are not meaningful for this burgeoning service and market. SNET is addressing technological methods to address the rapid and currently uncompensated usage by Internet and other enhanced information service providers.

Nevertheless, application of interstate access charges upon these providers is not appropriate, because their usage is predominately intrastate. SNET's analysis reveals that these providers offer their services primarily over local voice grade telephone lines, such as residence and home-office lines.⁷⁶ ILECs offer these facilities at subsidized rates under approval from the relevant state regulatory authority.

SNET recommends that any access or usage charges that may be applicable to Internet and other enhanced information service providers be considered by the states, and that the Commission should defer resolution of this issue to them.

VIII. CONCLUSION

Now is the time for the Commission to move to a flexible, market-based approach to access reform. Burgeoning access competition, the availability of access alternatives via unbundled elements, and the strong incentives ILECs have to price their networks attractively to retain usage on those networks, will prevent ILECs

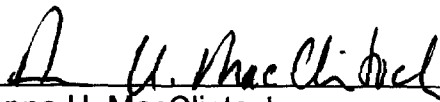
⁷⁶ Internet and other information services users normally dial a local telephone number to gain access to the provider's server or data base.

from controlling price for access services, and will, in fact, drive access prices to competitive levels. The current access charge rules should be replaced by a system of limited oversight that allows the *market* to drive price levels. The historical implicit subsidies, including the depreciation reserve shortfall, must be made explicit, and recovered in a competitively neutral manner.

As the Commission transitions to a system that permits *market* driven access prices, it should do so in ways that encourage the continued development of access competition.

Respectfully Submitted,

The Southern New England Telephone Company

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January 29, 1997

Certified Local Exchange Carriers (CLECs) in Connecticut as of 1/14/97

CLEC	Docket Number	Approval Date	LMAs	Telephone NXXs/Exchange	Tariff Information Issue Date / Effective Date / Key Notes	Access Service
AT&T	96-01-06	Filed 1/10/96 Approved 2/28/96	Statewide LMAs		Reseller (initially)	
Brooks Fiber Communications of Connecticut	95-07-08	Filed 7/12/95 Approved 8/16/95	Hartford Central New London Statewide LMAs Approved 7/16/96	860-808 Hartford 860-713 Hartford 860-906 Bloomfield 860-907 Windsor 860-920 W. Hartford	Facilities based provider and reseller This filing includes tariffs for local exchange service. Effective date: April 1, 1996	FGD switched access service including local and tandem switching and DS1 and DS3 dedicated switched transport.
Cable & Wireless, Inc.	95-10-32	Filed 10/20/95 Approved 11/29/95	Bridgeport Danbury Danielson Hartford East Hartford Central Hartford West New Haven New London Stamford Torrington		Reseller only Tariff for local exchange service. Effective date: March 20, 1996 <u>Summary of tariff activity</u> Intrastate toll tariffs filed 12/27/95 with effective date of 1/10/96 Local calling service tariffs with rate ranges filed 1/3/96 with effective date of 1/24/96 -- DPUC ordered refiling with effective rates Updated intrastate toll tariffs rates filed 2/26/96 with effective date of 3/12/96 Local calling service tariffs with effective rates filed 3/5/96 with effective date of 3/20/96	
Cablevision Lightpath - Connecticut, Inc.	95-07-19	Filed 7/27/95 Approved 7/17/96.	Bridgeport New London Stamford Torrington		Facilities based provider utilizing facilities of Cablevision and resale (where appropriate)	
Commonwealth Long Distance (CLD)	96-11-18	Filed 11/26/96 Approved 1/8/97	Statewide LMAs		Reseller of local exchange and intralata interexchange services.	

Certified Local Exchange Carriers (CLECs) in Connecticut as of 1/14/97

CLEC	Docket Number	Approval Date	LMAs	Telephone NXXs/Exchange	Tariff Information Issue Date / Effective Date / Key Notes	Access Service
Connecticut Telephone & Communication Systems, Inc.	96-03-16	Filed 3/13/96 Approved 7/31/96	Statewide LMAs		Reseller of local exchange and intralata interexchange services This filing includes tariffs for local exchange services within the state. Effective Date: July 31, 1996	
Dial & Save of Connecticut, Inc. Assets transferred to newly formed holding company, Telco Holdings, Inc. 1/3/97	96-06-04	Filed 6/5/96 Approved 7/17/96	Statewide LMAs		Reseller	
Excel Telecommunications, Inc.	96-06-07	Filed 6/7/96 Approved 7/17/96	Statewide LMAs		Reseller	
GE Capital Communications (GECC)	96-10-03	Filed 10/01/96 Approved 11/13/96	Statewide LMAs		Reseller of all forms of telecommunications services including residential and business local exchange, custom calling features and adjunct and ancillary services (voice messaging, 911, DA, etc.)	
LCI International Telecom Corp.	96-03-02	Filed 3/4/96 Approved 4/9/96	Statewide LMAs		Reseller	
LDDS WorldCom Merged with MFS, 8/96	96-01-18	Filed 1/17/96 Approved 2/28/96	Statewide LMAs		Reseller	

Certified Local Exchange Carriers (CLECs) in Connecticut as of 1/14/97

CLEC	Docket Number	Approval Date	LMAs	Telephone NXXs/Exchange	Tariff Information Issue Date / Effective Date / Key Notes	Access Service
MCI Metro Access Transmission (MCImetro)	95-08-12	Filed 8/10/95 Approved 9/13/95 Reopened 3/6/96 Final Approval 3/20/96	Initial Approval on 9/13/95 for: Hartford East Torrington Final Approval on 3/20/96 for: Hartford Central Torrington Statewide LMAs approval requested 6/5/96. Final approval 7/5/96.	860-616 Hartford 860-618 Torrington 860-813 E. Hampton 860-814 Enfield 860-815 Glastonbury 860-816 West Hartford 860-817 East Hartford 860-818 Bloomfield 860-819 Newington 860-901 Suffield 860-902 Windsor 860-903 Windsor Locks 860-904 Wethersfield 203-302 Stamford	Facilities based provider ¹ Effective date: March 20, 1996 Revised tariffs offering MCI Basic Line and MCI Basic Line+4, flat rated business services statewide. Effective date: July 5, 1996 Revised tariff offering for flat rate local line service. (Business only) Effective date: January 1, 1997 Revised tariff offering local service term discount plans. Discounts apply to recurring and usage charge. Effective date: January 15, 1997	FGD switched access service including local and tandem switching, DS1 and DS3 dedicated switched transport. 800 Database LIDB Billing Validation

¹ Companies that are currently tarified as facilities based providers are eligible to be resellers also.

Certified Local Exchange Carriers (CLECs) in Connecticut as of 1/14/97

CLEC	Docket Number	Approval Date	LMAs	Telephone NXXs/Exchange	Tariff Information Issue Date / Effective Date / Key Notes	Access Service
MFS Intelenet of Connecticut, Inc. Merged with LDDS WorldCom, 8/96	95-05-20	Filed 5/22/95 Approved 6/28/95	Danielson Hartford Central Hartford West New London Stamford Torrington	860-706 Hartford 860-707 W. Hartford 203-705 Stamford	Facilities based provider ¹ This filing includes tariffs for exchange access service. Effective date: April 11, 1996	FGB and FGD Switched Access including local and tandem switching and DS1 and DS3 dedicated switched transport. 800 Database service. LIDB Billing Verification
Sprint Telecom. Venture (STV)	95-08-36	WITHDRAWN MARCH 13, 1996	Statewide LMAs			
Sprint Communications Company	96-03-32	Filed 3/20/96 Approved 5/1/96	Statewide LMAs		Intends to be a reseller (initially)	
TCI Telephony Services of Connecticut, Inc.	96-04-33	Filed 4/26/96 Approved 8/21/96 Will offer local exchange, interexchange carrier access and interexchanges services	Statewide LMAs	203-204 Guilford 203-208 N. Branford 203-228 Wallingford 203-535 New Haven 860-206 Bloomfield 860-207 Bristol 860-209 Canton 860-215 Farmington 860-216 Hartford 860-217 Simsbury 860-218 New Britain 860-219 Windsor 860-519 W. Hartford 860-809 Manchester	Will utilize cable television facilities of its affiliates; lease or resell the facilities or services of non-affiliated companies; use switching facilities of Teleport Communications Group This filing includes tariffs for the provision and resale of local exchange and interLATA interexchange services within the state of Connecticut. Effective Date: August 21, 1996 This filing includes new service plans and rates for local and intrastate toll service. Effective Date: October 7, 1996 This filing includes new rates for residential local service and new section for "Toll Minute Packs" Effective Date: January 6, 1997	FGD switched access including tandem switching. 800 Database service.

¹ Companies that are currently tariffed as facilities-based providers are eligible to be resellers also.

Certified Local Exchange Carriers (CLECs) in Connecticut as of 1/14/97

CLEC	Docket Number	Approval Date	LMAs	Telephone NXXs/Exchange	Tariff Information Issue Date / Effective Date / Key Notes	Access Service
Teleport Communications Group (TCG Connecticut)	95-01-13 94-07-03	Filed 1/17/95 tariffs for Intralata toll, Centrex, TeleXpress services Approved 3/28/95 Filed 4/14/95 as letter of intent in compliance to Docket No. 94-07-03 (Certification Procedures) to operate as a local exchange carrier to provide all forms of telephone service through Connecticut. Approved 5/16/95	Statewide LMAs	203-202 Branford 203-205 Madison 203-223 No. Haven 203-514 Meriden 203-601 Trumbull 203-805 Waterbury 203-806 Cheshire 203-905 Stamford 860-201 Berlin 860-213 Plainville 860-214 E. Hartford 860-221 E. Hartford 860-505 Berlin 860-506 Bristol 860-507 Farmington 860-509 Hartford 860-512 Manchester 860-515 New Britain 860-517 Plainville 860-602 Windsor 860-804 Windsor Locks 860-807 Middletown 860-810 W. Hartford		FGD switched access including local and tandem switching, and DS1 and DS3 dedicated switched transport. 800 Database
WinStar Wireless of Connecticut, Inc.	96-04-09	Filed 4/9/96 Approved 5/15/96 Will provide local and interexchange services	Bridgeport Danbury Danielson Hartford West New Haven New London Stamford Torrington Waterbury		Will employ a combination of its own equipment, plus third party equipment, services and facilities purchased from other entities. Anticipates purchasing and installing a digital switch configured as both a tandem and end office.	
Working Assets	95-02-11	Filed 6/18/96	Statewide LMAs		Local operations will be limited to marketing its local service offering to its long distance users. Local service will include all standard and custom features available for resale from SNET.	

Companies Seeking Certificates of Public Convenience and Necessity: Intrastate Toll (Total = 239)

APPROVED (145)	PENDING (73)	WITHDRAWN (19)	DENIED (2)
AT&T	ConQuest Operator Services Corp.	TeleDebit, LP	Sonicraft
Cable & Wireless Communications Inc. (F) & (CLEC)	Pathfinder Enhanced Communications	Military Com. Center, Inc.	Federated Telephone Co., Inc.
MCI	AIS Telecom. Service, Inc.	International Telemanagement Group	
Sprint	Midwest Fibernet, Inc.	Jones Lightwave	
WilTel	Caribbean Telephone & Telegraph	Dial America Marketing, Inc.	
LCI International Telecom Corporation (CLEC)	Affinity Network, Inc.	RealCom Office Communications, Inc.	
Providence TMC, Ltd. (Telstar)	Cherry Communication	Touchtone Network, Inc	
Capital Telecom, Inc. (CTI)	S.V.V. Sales d/b/a/ Arcada Communications	GE Capital - ResCom L.P.	
Access Transmission Svcs. (Western Union ATS) Now MCI Metro Access Transmission, Inc. (F) & (CLEC)	U.S. Telcom Group, Inc.	Connecticut Pay Phone, LLC	
LDM Systems, Inc.	Xiex Telecommunications, Inc	Citizens Telecommunications Company	
Pennsylvania Alternative Communications, Inc. (PACE)	Affinity Corporation	Interstate Savings, INC.	
Suntel North America, Inc.	Minimum Rate Pricing, Inc.	New Telco, d/b/a - Sprint Telecommunications (STV) (CLEC)	
Equality, Inc.	Global TeleMedia International Inc.	Federal TransTel, Inc.	
Corporate Telemanagement Group, Inc. (CTG)	TeleCommunication Systems, Inc.	DNS Communications, Inc. [Dkt. Closed 5/9/96] [CPCN not issued]	
Allnet Communications Services, Inc.	Lyrihn Communications, Inc.	Keystone Long Distance, Inc. [CPCN Revoked 6/10/96]	
TMI (Budget Call Long Distance)	Atmuri Telecom, Inc.	National Independent Carrier Exchange, Inc. [CPCN Revoked 5/8/96]	
CRG International, Inc.	North American Telephone Network	Global Telemedia, Inc.	
Hertz Technologies, Inc.	Total National Telecommunications	Health Liability Management Corporation [Application rejected w/o prejudice]	
MidAmerican Communications Corporation (WorldCom/LDDS) (CLEC)	Atlas Communications LLD	IDEALDIAL Corporation	
Executone Info. Systems, Inc. [May transfer CPCN in future]	Long Distance Wholesale Club		
Vista International Communications, Inc.	Key Communications Management d/b/a Discount Plus		

Companies Seeking Certificates of Public Convenience and Necessity: Intrastate Toll (Total = 239)

APPROVED (145)	PENDING (73)	WITHDRAWN (19)	DENIED (2)
Quest Telecommunications	Homeowners		
GE Capital Communications Services Corp. (GE Exchange)	Global Telecom Network		
TCG America, Inc. (F) & (CLEC)	International Telephone Group		
WorldTel	Touch 1 Communications		
Frontier Communications International, Inc. (was RCI Long Distance)	Innovative Telecom Corp		
Phoenix Networks, Inc.	Celebrity Phone Card Telecommunications		
NOSVA, LP	Common Concerns		
ACC Long Distance of CT Corp.	American Telesave Club		
IDB WorldCom Svcs., Inc.	Universal Telecom, Inc.		
CTI (10XXX)	Metracom Corporation		
Voyager Network Services	American Long Lines		
Intellicall Operator Services	Vista Group International, Inc.		
MFS Intelenet of CT., Inc. (F) & (CLEC)	TTI National, Inc.		
National Com. Assoc., Inc.	United Telecom of America		
NOS Communications, Inc.	Econophone, Inc.		
International Discount Telecommunications Corporation	Eastern Telecommunications, Inc.		
Brooks Fiber Communications of Connecticut, Inc.	Long Distance Direct Holdings, Inc.		
West Coast Telecommunications, Inc.	Five Star Telecom, Inc.		
Network Long Distance, Inc.	Online Telecommunications		
MidCom Communications	Zenex Long Distance		
Professional Comm. Mgt. Svcs., Inc.	Buehner-Fry, Inc.		
World Telecom Group, Inc.	Global TelLink Corporation		
UniDial Incorporated	Parcel Consultants, Inc.		
Network Plus, Inc.	Preferred Carrier Services		
Equal Net Communications, Inc.	Overlook Communications		
Bottom Line Telecom., Inc.	Cincinnati Bell		
American Teletronics Long Distance, Inc.	Telesend Services International, Inc.		
Northeast Networks, Inc. Transfer of ownership to MFSCC 95-01-23 dtd 1/26/95	Transcommunications, Inc		
Target Telecom, Inc.	World Link Communications, Inc.		
Norstan Network Svcs.	Telscape USA		
TotalTel USA	USA Global Link, Inc.		

Companies Seeking Certificates of Public Convenience and Necessity: Intrastate Toll (Total = 239)

APPROVED (145)	PENDING (73)	WITHDRAWN (19)	DENIED (2)
Integrated Teletechnologies, Inc.	Network Enhanced Technologies, Inc.		
GTE Telecom Svcs., Inc.	America's Choice Communications, Inc.		
Message Center Long Distance, Inc.[ZipCall LD]	HLC-Internet, Inc.		
National Telephone Communication, Inc.	Hospitality Communications Corp, d/b/a HCC Telemanagement		
One to One Communications, Inc.	Family Telecommunications, Inc.		
Inacom Communications, Inc.	GE Capital (expansion to local service)		
Premier Billing Svcs.	Partner Communications Group, LLC		
Fairfield County Telephone Corp (MidCom Communications)	US WATS, Inc		
Westinghouse Communications	Shared Communications Services, Inc.		
KCI Long Distance, Inc.	Intercontinental Communications Group, Inc. d/b/a ICLD		
American Telecommunications Enterprise, Inc.	American Long Lines. Inc.		
International Telecommunications Corp. (Cyberlink, Inc.)	Touch 1 Long Distance, Inc.		
VarTec Telecom	Telec, Inc.		
Dial & Save of Connecticut, Inc.	Telecard Services International, Inc.		
Fairchild Communications Services, Inc.	Globalcom Telecommunications, Inc.		
AmeriConnect, Inc.	Net-tel		
Switched Services Communications, LLC	Business Discount Plan, Inc.		
Smartalk Teleservices	CTN Telephone Network, Inc.		
IXC Long Distance, Inc.	International Telecommunications Corp.		
AmeriVision Communications, Inc.	All American Telephone, Inc.		
Communications Network, Inc.			
HeartLine Communications, Inc.			
Western Union Communications, Inc.			
OCOM Corporation			
American Express Telcom, Inc.			
Pathfinder Communications			

Companies Seeking Certificates of Public Convenience and Necessity: Intrastate Toll (Total = 239)

APPROVED (145)	PENDING (73)	WITHDRAWN (19)	DENIED (2)
Matrix Telecom, Inc			
Pantel Communications, Inc.			
Telecarrier services, Inc.			
Working Assests Funding Services			
NeTel, Inc			
TelCorp, Ltd.			
VALUE TEL, Inc.			
Winstar Gateway Network, Inc.			
Access Network Services, Inc.			
ATCALL, Inc.			
Excel Telecommunications, Inc.			
Long Distance Services			
National Accounts, Inc.			
QWEST Communications Corporation			
Athena International, LLC			
United WATS, Inc.			
J.D.Services			
Comdata Telecommunications Services, Inc.			
Universal Network of CT			
Business Telecom, Inc.			
StarLink Communications, Inc.			
Advance Telecommunications Network, Inc.			
Century Telecommunications, Inc.			
Telegroup, Inc			
FloridaNetwork, USA, Inc.			
GTE Card Services, Inc			
Commonwealth Long Distance			
Universal Connectivity, Inc.			
Winstar Wireless of CT.			
North American Communications Control, Inc.			
Tel-Save , Inc. d/b/a Network Services			
Gillette Global Network, Inc.			
American International Telephone, Inc.			
The Furst Group, Inc.			
Citizens Telecommunications Company d/b/a Citizens Telecom			
QCC, Inc.			
Global One, Inc.			
A.B.T.S. International Corporation			

Companies Seeking Certificates of Public Convenience and Necessity: Intrastate Toll (Total = 239)

APPROVED (145)	PENDING (73)	WITHDRAWN (19)	DENIED (2)
SmarTel Communications, Inc.			
Business Options, Inc.			
Preferred Carrier Services, Inc. d/b/a American Telco , Inc.			
Ideal Dial			
U.S. South Communications, Inc.			
DeltaTel, Inc.			
Cablevision Lightpath - CT, Inc (F) & (CLEC)			
D.D.D. Calling			
TCI Telephony Services of CT			
PNG			
American Business Alliance (ABA)			
Ameritech Communications International			
Crystal Communications, Inc.			
Phonetime, Inc.			
Hatten Communications Hld'g Company d/b/a CT Telephone & Communications Sys.			
One Call Communications			
Conquest Long Distance Corporation			
V.I.P. Telework, Inc.			
USTel, Inc.			
Preferred Telecom, Inc			
Group Long distance			
XtraCom, Inc.			
Optex, Inc.			
TresCom U.S.A., Inc.			
Easton Telecom Services, Inc.			
RRV Enterprises, Inc.			
Corporate Services Telecom, Inc.			
Apollo Communications			
Premiere Communications			
Travel Phone Card Telecommunications			
Host Network, Inc.			
Trans National Communications International, Inc.			

Exhibit 3

(Consisting of 38 pages)
CC Dkt. 96-296
SNET Comments
DEC 10 1995
Jan. 19, 1997

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

In the Matter of)	
)	
Price Cap Performance Review)	CC Docket No. 94-1
for Local Exchange Carriers)	
)	
Treatment of Operator Services)	CC Docket No. 93-124
Under Price Cap Regulation)	
)	
Revisions to Price Cap Rules for AT&T)	CC Docket No. 93-197

**COMMENTS OF
THE SOUTHERN NEW ENGLAND TELEPHONE COMPANY**

Eugene J. Baldrate
Director - Federal Regulatory
227 Church Street
New Haven, Connecticut 06510

December 11, 1995

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